

Control of the foreign exchanges was the capstone of the structure of gold redemption, and this could not be attained while the government kept its gold resources with private bankers and relied upon them to meet its obligations abroad. This was the condition prevailing down to the summer of 1901, when Count von Bilinski, the governor of the bank, after much previous negotiation, arranged a meeting on August 8th, at his home at Ischl, with the finance ministers of the two governments. It was then agreed that the public deposits should be transferred from the Rothschilds and other private bankers to the Austro-Hungarian Bank, and that the latter should not only attend to government payments abroad, but should furnish exchange freely for private parties and should begin the tentative issue of gold coins in the interior.¹ It was a complex and delicate task and involved several changes in the organization of the bank. Among other measures gold customs drafts were issued by the bank in exchange for foreign and domestic gold coin, thereby economizing the movement of gold and transferring disputes as to the value of foreign coins from the customs offices to the bank.³

These measures were eminently successful in maintaining parity of exchange with gold countries and in enhancing the volume of business and the financial importance of the bank. Within about five years gold was paid out to the amount of 1,250,000,000 crowns, of which four-fifths came back to the bank and one-fifth remained in the domestic circulation. Operations in foreign exchange in 1900, prior to the Ischl agreement, were £52,000,000 in English money, 270,100,000 francs in French, and 1,047,700,000 marks in German money. Transactions in French and German money had more than doubled in 1906, and in the stress of 1907 the

herself entirely in financial matters from Austria.—
Rafialovich, *Le Marché Financier en 1901-02*, 614.

¹ *Economists Europæan*, April 24, 1908, XXXIII., 516.

² *Ibid.*, May I, 1908, XXXIII., 549.